

***Ministry
of
Finance***



***Annual
Report***

1985



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Honourable Hugh A. Curtis, Minister

Ministry of Finance

Annual Report

*For the year ended
December 31, 1985*



Province of
British Columbia

The Honourable Robert G. Rogers
LL.D.
Lieutenant Governor of the
Province of British Columbia

MAY IT PLEASE YOUR HONOUR:

I have the honour, Sir, to submit the Annual Report of the Ministry of Finance for the year ended December 31, 1985.

Hugh A. Curtis
Minister of Finance

The Honourable Hugh A. Curtis
Minister of Finance
Parliament Buildings
Victoria, British Columbia

Sir:

I have the honour to submit the Annual Report of the Ministry of Finance for the year ended December 31, 1985. This Report includes the Purchasing Commission's Annual Report for 1985.

David L. Emerson
Deputy Minister



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INTRODUCTION

- **DEPUTY MINISTER'S MESSAGE**
- **MISSION AND VALUES STATEMENT**

MESSAGE FROM THE DEPUTY MINISTER



This annual report summarizes the structure and major accomplishments of the Ministry of Finance for 1985. In contrast to previous annual reports, I am pleased to introduce a new format which I believe better communicates the ministry's mandate and organization with special attention to new programs and initiatives. I am also pleased with the inclusion of a ministry mission and values statement, as well as an appendix of comparative activity measures. These changes are in response to recommendations made by the Auditor General and constitute a significant first step in our effort to improve the quality of information contained in the ministry's annual report.

The year 1985 marked the start of a number of major initiatives including the establishment of the Public Sector Purchasing Policy. Administered by the Purchasing Commission, this policy was designed to take maximum advantage of the public sector's buying power, estimated at \$2 billion per year, for the benefit of all British Columbians. In conjunction with the new policy, the Purchasing Commission held trade shows and seminars, reviewed product specifications and developed new information systems all

aimed at ensuring that government acquisitions were made at least cost and that British Columbia and Canadian producers had an opportunity to bid.

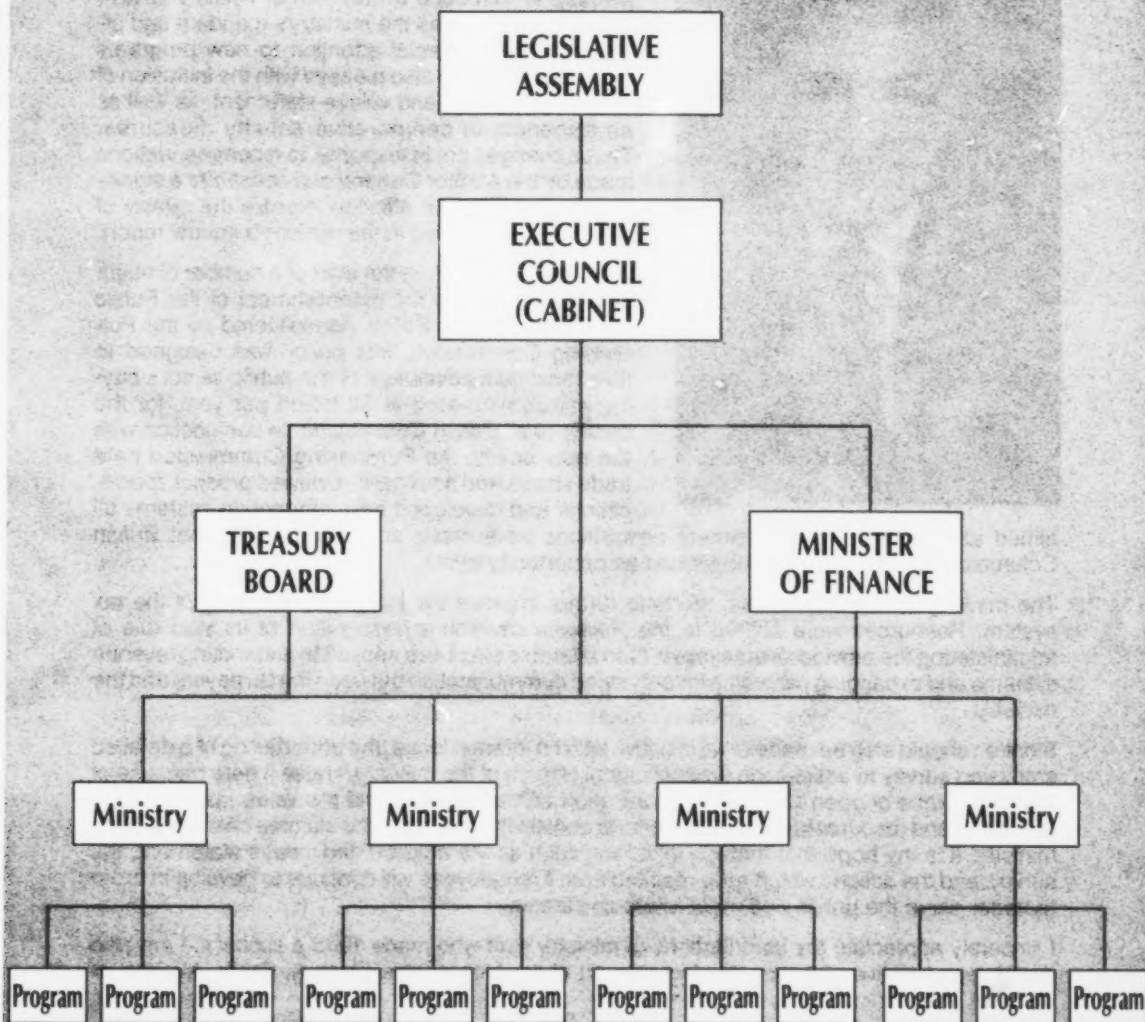
The ministry also continued its efforts to further improve the integrity and equity of the tax system. Resources were shifted to the Revenue Division in recognition of its vital role of administering the province's tax system. Considerable effort was applied to automating revenue systems and expanding programs for enhanced communication between the taxpayers and the ministry.

Mention should also be made of an initiative with an internal focus, the undertaking of a detailed employee survey to assess the organizational climate of the ministry. I raise it here because of the importance of open lines of communication with employees and the value I place on the dedicated and resourceful staff whose efforts and ability determine the ultimate character of our ministry. It is my hope that through initiatives such as the mission and values statement, the survey, and the actions which have resulted from it, employees will continue to develop in order to better serve the public and meet future challenges.

I sincerely appreciate the contributions of ministry staff who made 1985 a success. I am also deeply appreciative of the continuing support of the Honourable Hugh A. Curtis, Minister of Finance.

David L. Emerson
Deputy Minister

DELEGATION OF RESPONSIBILITY FOR FINANCIAL ADMINISTRATION IN THE PROVINCE OF BRITISH COLUMBIA



MISSION AND VALUES STATEMENT

Mission Statement

IT IS THE MISSION OF THE MINISTRY OF FINANCE TO ENSURE THAT PUBLIC MONIES ARE COLLECTED, MANAGED AND DISBURSED IN THE PUBLIC INTEREST.

Context

In the Government of British Columbia responsibility for financial administration is shared by individual Ministers, Treasury Board and the Minister of Finance.

Section 6 (3) of the *Financial Administration Act* states: "Each Minister is responsible for the administration of the financial affairs of his ministry, under the general direction of the Minister of Finance and the Treasury Board." Treasury Board is the executive management committee of Cabinet responsible for:

- the government's expenditure plan;
- the allocation of human and financial resources to government programs;
- personnel management; and,
- management practices of government.

The Minister of Finance is Chairman of Treasury Board and the Deputy Minister of Finance is its Secretary. Other members are appointed by Cabinet. While Treasury Board has broad financial responsibility, the *Financial Administration Act*, *Purchasing Commission Act* and other statutes give the Minister of Finance specific responsibility for:

- preparing economic forecasts, developing tax and economic policy, and the annual budget for the government;
- administering tax legislation and collecting and recording government revenue;
- purchasing goods and services and disposing of surplus Crown assets;
- acting as the government's fiscal agent with external financial institutions and as trustee for all public sector employer/employee pension fund contributions;
- issuing cheques and managing the consolidated revenue fund and the public debt; and
- managing the province's network of Government Agent offices.

Values Statement

In pursuit of its mission, the Ministry of Finance adheres to the following organizational values:

- TO PROVIDE A FIRST-RATE SERVICE TO ALL MINISTRY CLIENTS, BE THEY CITIZENS, TAXPAYERS, ELECTED REPRESENTATIVES OR PUBLIC SERVANTS.
At all times staff deal with ministry clients in a courteous, friendly and helpful manner.
- TO BE FAIR AND HONEST WITH MINISTRY CLIENTS.
Ministry staff provide consistent access to ministry programs and services and treat other staff in an honest and forthright manner.
- TO EMPHASIZE QUALITY IN ALL MINISTRY WORK.
It is expected that quality be consistently maintained and work completed in a timely manner. Innovation is encouraged.

- TO MAINTAIN A COMMITMENT TO RESULTS IN BOTH ROUTINE OPERATIONS AND SPECIAL PROJECTS.

It is the ministry's belief that it is the output or final product that counts, with appropriate attention to sound process.

- TO BE FRUGAL IN ALL MINISTRY OPERATIONS.

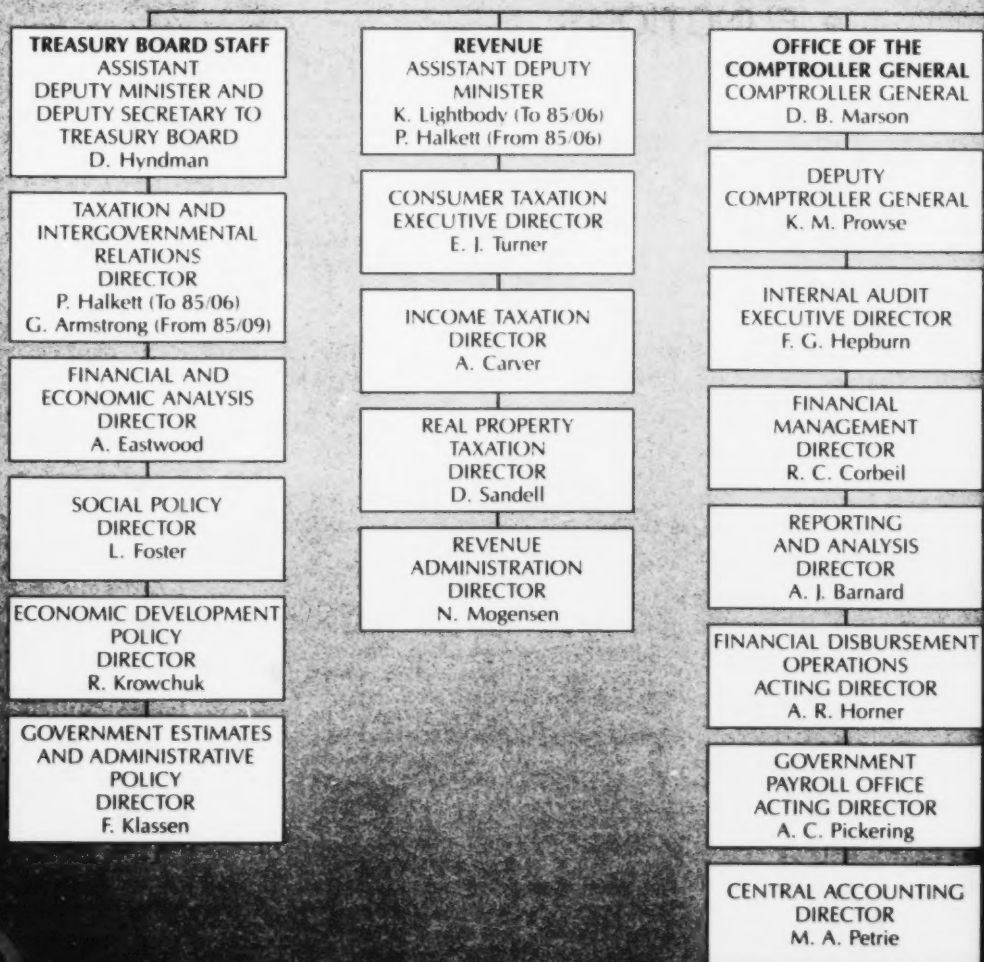
Given the ministry's mission and responsibility as a central agency of government, it seeks to achieve best value for money in the expenditure of resources.

- TO ENCOURAGE STAFF PARTICIPATION IN MEETING THE CHALLENGES THAT FACE THE MINISTRY AND TO PROMOTE STAFF DEVELOPMENT.

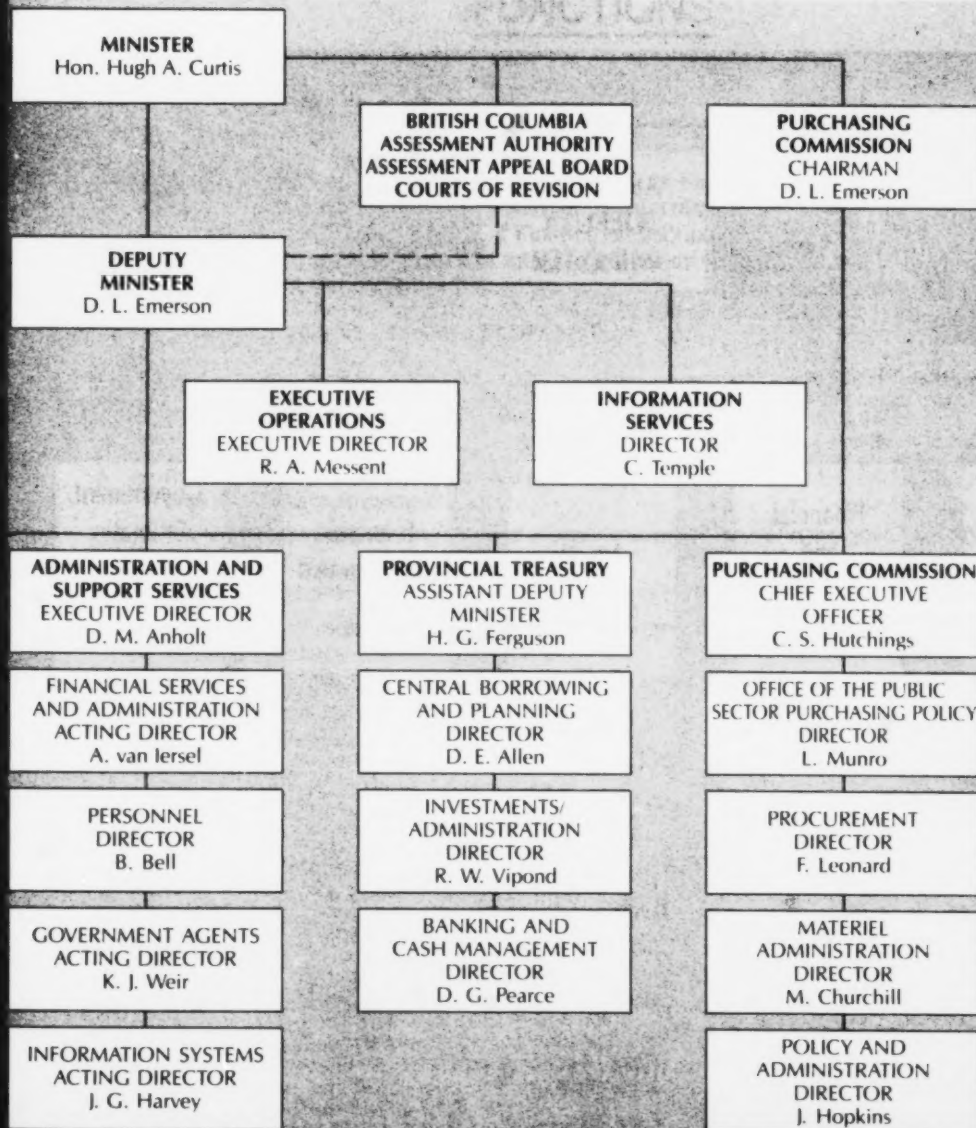
It is recognized that the success of the ministry in attaining its objectives is dependent on the contribution of ministry staff. Managers have the responsibility to help staff develop on the job and to provide an environment that encourages staff to assist in achieving ministry objectives. Managers and staff have a mutual responsibility to ensure ministry objectives are achieved.

MINISTRY ORGANIZATION

- ORGANIZATION CHART
- FUNCTIONS



MINISTRY OF FINANCE



TREASURY BOARD STAFF

**ASSISTANT
DEPUTY
MINISTER**

**Taxation
and
Inter-
Governmental
Relations**

**Financial
and
Economic
Analysis**

**Social
Policy**

**Economic
Development
Policy**

**Government
Estimates
and
Administrative
Policy**

FUNCTIONS

TREASURY BOARD STAFF

FUNCTIONAL RESPONSIBILITY

- Treasury Board Staff is a division of the Ministry of Finance which analyses and provides advice to Treasury Board (the Committee of Cabinet responsible for budgetary and management matters) and to the Minister of Finance on economic, fiscal, taxation and expenditure matters. The division is organized into five branches (shown opposite) which are closely integrated in performing these functions.

BRANCH FUNCTIONS

- Responsibilities of Treasury Board Staff include:
 - developing the annual provincial budget and coordinating the allocation of financial resources among ministries
 - making recommendations regarding provincial taxation policies and changes to the provincial revenue system
 - monitoring and forecasting provincial economic conditions and the government's financial position
 - recommending timely implementation of economic and fiscal policies
 - analyzing and making recommendations regarding federal/ provincial and provincial/local financial relations
 - advising on existing and proposed ministry programs and on the management of government resources

REVENUE DIVISION

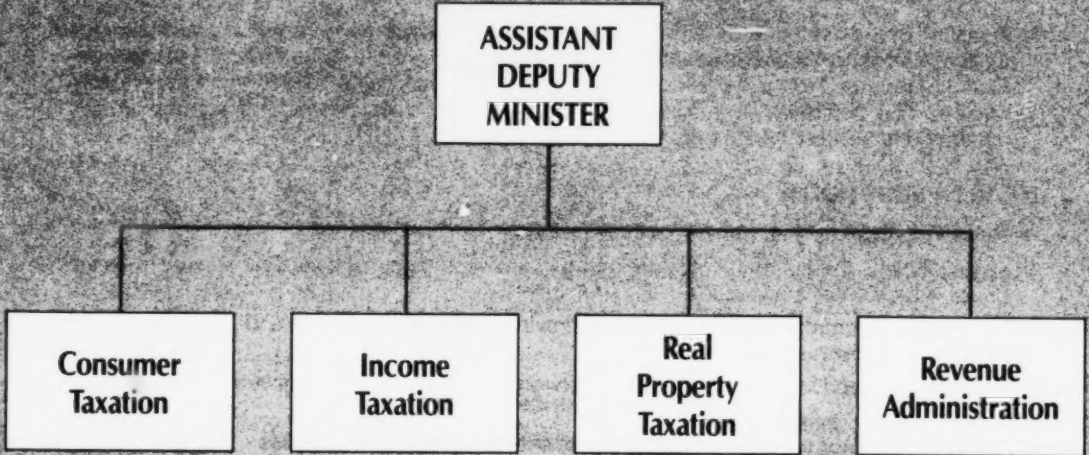
**ASSISTANT
DEPUTY
MINISTER**

**Consumer
Taxation**

**Income
Taxation**

**Real
Property
Taxation**

**Revenue
Administration**



FUNCTIONS

REVENUE DIVISION

FUNCTIONAL RESPONSIBILITY

- The Revenue Division administers the province's major taxation legislation and is responsible for ensuring that the provisions of these taxation statutes are fairly and consistently applied.

REVENUE DIVISION			
	1983	1984	1985
TAXES PAID		(\$ millions)	
Consumer Tax	1,678	1,947	2,094
Income Tax	112	123	125
Real Property Tax	283	290	273
Municipal Non-residential School Tax	509	498	453
Total	2,582	2,858	2,945
TAX RETURNS AND PAYMENTS			
Number Received and Processed	1,090,200	1,142,700	1,181,000

BRANCH FUNCTIONS

Income Taxation Branch

- The Income Taxation Branch was responsible for administration of the following tax statutes in 1985:
 - *Income Tax Act*
 - *Corporation Capital Tax Act*
 - *Logging Tax Act*
 - *Mining Tax Act*
 - *Insurance Premium Tax Act*

The branch also collected taxes levied by the Ministry of Attorney General under the *Fire Services Act*.

- The branch assists Revenue Canada with the compliance and informational aspects of the *Income Tax Act* (Canada). Under the tax collection agreement between the federal and provincial government, the federal government collects personal and corporate income taxes on behalf of the British Columbia government.

Real Property Taxation Branch

- The Real Property Taxation Branch administers taxes and special levies on taxable real property lying outside incorporated municipalities. These activities are mainly carried out under the *Taxation (Rural Area) Act*.
- Taxes are also levied by the branch on rural property under 17 statutes including the *Education (Interim) Finance Act* and the *Municipal Act*.

RURAL TAXATION INFORMATION

Year	Number of Rural Tax Accounts	Total Rural Property Taxes Collected	Total School Taxes Collected	Local Government Taxes Collected	Other Taxes Collected
(\$ millions)					
1981	285,000	29.2	197.3	38.9	2.5
1982	294,000	36.1	230.4	47.1	2.7
1983	301,000	32.6	231.8	50.8	2.7
1984	304,000	34.0	227.1	54.9	2.9
1985	306,750	38.1	215.2	57.2	3.0

Note: The number of full-time staff dedicated to managing these accounts and collecting these taxes declined from 21 at year end 1984 to 20 at year end 1985. Local Government Taxes include those for Improvement Districts, Regional Districts, Hospital Districts, Library Districts and similar levies.

- The Real Property Taxation Branch also administers the Home Owner Grant and the Land Tax Deferment programs. The Home Owner Grant program under the *Home Owner Grant Act* provides taxpayers, who own residential property and who occupy it as their principal residence, with a maximum grant of \$380. In certain cases, as specified in the legislation (for example, age or physical disability), a taxpayer can also qualify for an additional home owner grant of up to \$250 over the regular home owner grant amount. This program was operated in both 1984 and 1985 by four full-time staff and six summer staff. In 1985, the administrative cost of the program was \$193,879.

HOME OWNER GRANTS IN RURAL AREAS

Year	Applications	Total Grants Approved
		\$
1981	85,590	33,900,000
1982	85,956	34,493,000
1983	84,967	36,261,000
1984	111,335	37,248,000
1985	113,000	37,500,000

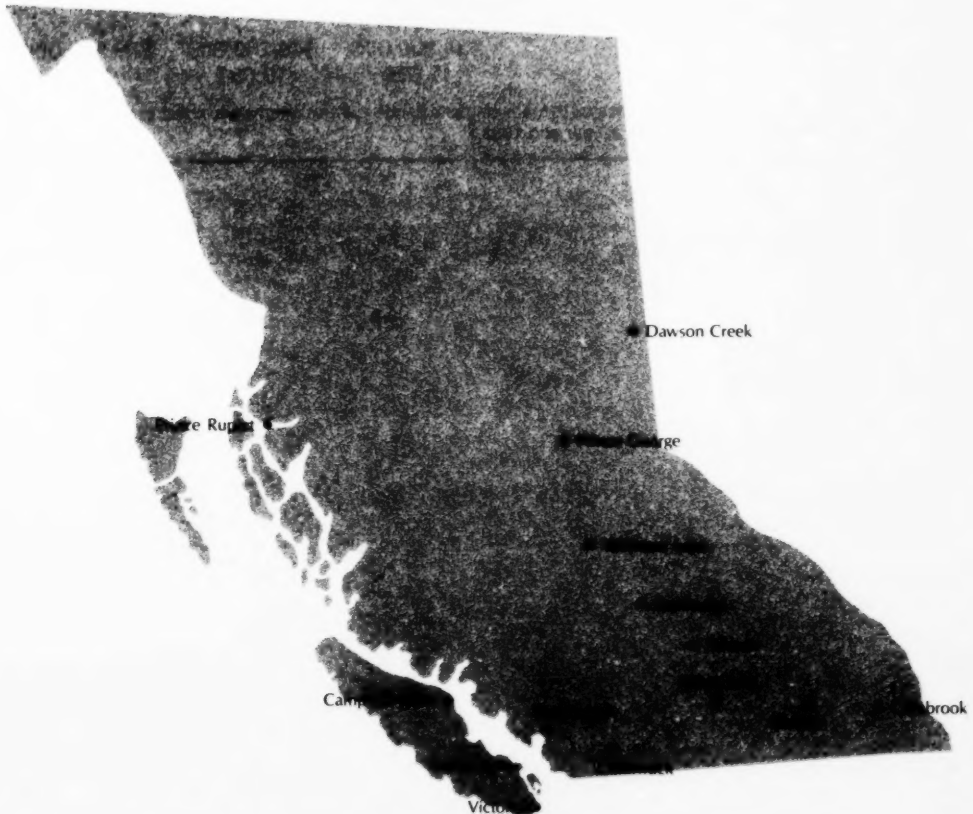
The Land Tax Deferment program is administered in accordance with the *Land Tax Deferment Act* introduced in 1974. The program allows eligible taxpayers (65 or over, a widow or widower, or a handicapped person as defined in the *Guaranteed Available Income for Need Act*) in both rural and municipal areas to defer the payment of their property taxes. In 1985, the administrative cost of the program was \$44,000 with property taxes of \$2,758,000 being deferred. By the end of the year there were 2,768 agreements in effect with an Accounts Receivable total of \$14,472,000. The cost of the program is recovered from interest charges applied to deferred property taxes when the deferral agreements are paid out.

Consumer Taxation Branch

- The Consumer Taxation Branch is responsible for administration of the following statutes:
 - *Social Service Tax Act*
 - *Hotel Room Tax Act*
 - *Tobacco Tax Act*
 - *Gasoline Tax Act**
 - *Gasoline (Coloured) Tax Act**
 - *Motive Fuel Use Tax Act**
 - *Horse Racing Tax Act*
- To ensure compliance with consumer tax legislation the branch registers businesses that collect taxes on behalf of the province, conducts field audits and inspections of these businesses' tax collection records, and carries out office audit and collection programs.

* Effective December 31, 1985, these three statutes were replaced by the *Motor Fuel Tax Act*.

CONSUMER TAXATION BRANCH OFFICES — 1985



Note: The Prince Rupert office was closed in early 1986 when a new office was opened in Terrace.

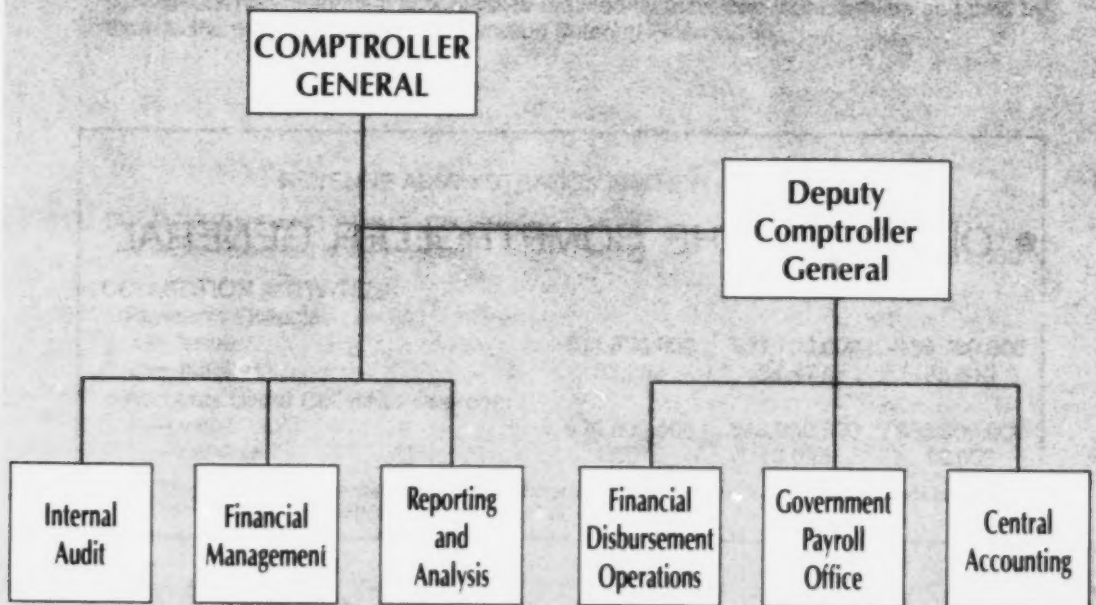
Revenue Administration Branch

- The Revenue Administration Branch provides tax administration, accounting and collection services for the Revenue Division. The branch also provides the division with office support systems and services.
- On behalf of the Ministry of Education, the branch provides billing and accounts receivable services for non-residential school taxes required by individual municipalities and paid by them to the province, under the *Education (Interim) Finance Act*.

REVENUE ADMINISTRATION BRANCH STATISTICS			
	1983	1984	1985
TAX RETURNS AND PAYMENTS			
Number Received and Processed	1,090,200	1,142,700	1,181,000
COLLECTION ACTIVITIES			
Payments Collected			
— value	\$31,800,000	\$33,700,000	\$36,700,000
— number	33,263	36,477	35,612
Accounts Under Collection (average)			
— value	\$34,600,000	\$48,200,000	\$56,900,000
— number	13,070	13,083	12,003
Note: The number of full-time staff dedicated to managing and handling these returns and collections increased from 77 at year end 1984 to 85 at year end 1985.			

- OFFICE OF THE COMPTROLLER GENERAL

OFFICE OF THE COMPTROLLER GENERAL



FUNCTIONS

OFFICE OF THE COMPTROLLER GENERAL

FUNCTIONAL RESPONSIBILITY

- The Office of the Comptroller General assists Treasury Board in fulfilling its responsibilities under the *Financial Administration Act*.
- Of those duties assigned to Treasury Board under Section 4 of the Act, responsibility is delegated by Treasury Board to the Comptroller General for:
 - all matters relating to accounting and financial administration policies and practices
 - the coordination of the development and communication of administrative policies and procedures
 - the direction and coordination of government financial control and reporting systems
- Under Section 8 of the Act the Comptroller General is responsible on behalf of and under the policy direction of Treasury Board for:
 - the reporting, accounting and control systems of government
 - maintenance of central accounts
 - preparation of financial statements
- Under Sections 7 and 8 of the *Financial Administration Act* the Comptroller General is also responsible for the internal audit function in government.

BRANCH FUNCTIONS

Financial Management Branch

- The Financial Management Branch develops government financial and management policies and practices for the approval of Treasury Board.
- The branch makes recommendations on financial legislation and related regulations, and the financial provisions of operating legislation.
- The branch oversees the actions taken by ministries in response to recommendations made by the Internal Audit Branch and the Auditor General to provide assurance to the Comptroller General and Treasury Board that appropriate and timely action is being taken.
- The branch ensures the integrity of government financial systems by establishing effective control standards and reviewing financial systems for compliance with Treasury Board policy.
- The Financial Management Branch assists ministries in implementing Treasury Board financial and management policies and procedures.
- The branch develops and delivers general financial management training for all levels of government personnel and assists ministries in providing training in areas specific to their needs.

Reporting and Analysis Branch

- The Reporting and Analysis Branch is responsible for preparation of the Public Accounts of British Columbia, and for preparation of other financial reports required by statute for presentation to the Legislative Assembly. These include the Interim Financial Statement of the Comptroller General and a schedule of special warrants approved by Cabinet.
- In addition to statutory financial reports, the branch prepares monthly financial reports for management.

- The branch prepares the annual *Supply Acts*, for introduction by the Minister of Finance in the Legislative Assembly.
- The branch acts in an advisory capacity to ministries in matters of accounting policy.

Financial Disbursement Operations Branch

- The Financial Disbursement Operations Branch is responsible for verifying and processing payment vouchers submitted by ministries and for producing almost all government cheques.
- The branch is also responsible for the control of all transactions entered into the government's central financial system.

Central Accounting Branch

- The Central Accounting Branch controls and maintains the system of central accounts of government, controls the recording of financial data in the system, and issues financial reports to ministries.
- The branch ensures the accurate and timely reconciliation of certain major bank accounts of the province.
- The branch administers the receipt and payment of funds held in trust* by the government; monitors the processing of court revenue receipts and collections as well as revenue and expenditures of Government Agent offices; manages supplier garnishees and set-offs;** and controls the accumulation of data for the annual T4 and T4A production for provincial employees (for personal income tax information).

Government Payroll Office

- The Government Payroll Office is responsible for ensuring that all government employees are paid accurately and on time. The office is also responsible for the production of accurate and timely management payroll information.

Internal Audit Branch

- The Internal Audit Branch is responsible for providing management with an audit of internal controls, policies and practices and with an appraisal of their impact on a ministry's operations.
- The branch is also responsible, either directly or through audits conducted by private sector firms, for the audit of claims made by the province under federal-provincial cost-sharing agreements.

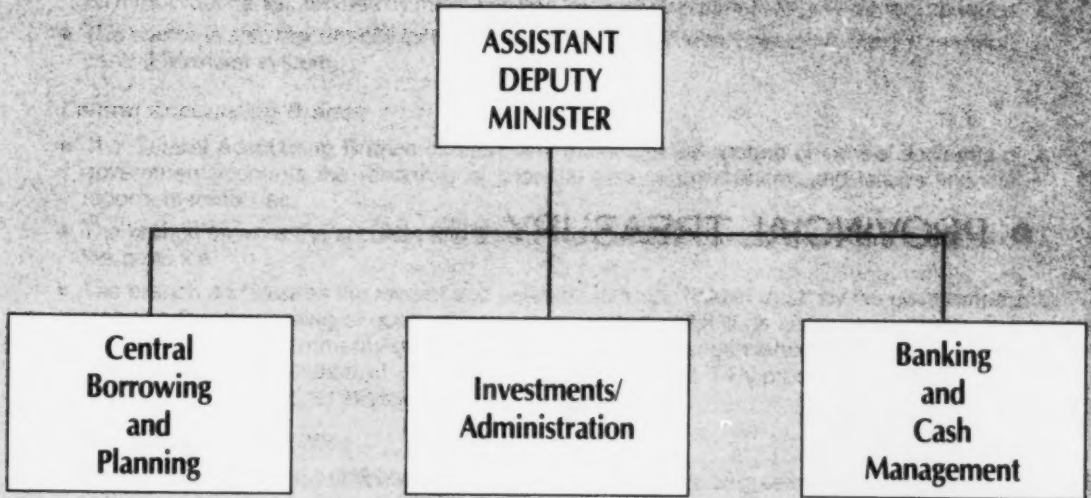
* These trust funds include:

- Sutor's Funds — money being held by the government because its ownership is in dispute as a result of suits brought before the courts with respect to Builders' Liens, Infants' Funds, the *Real Estate Act* or the *Insurance Act*.
- Intestate Estate Funds — money belonging to deceased people who left no will.

** Set-offs — when a person owes money to the government, or has been over-paid by the government, or has not repaid an accountable advance received from the government, the government under section 34 of the *Financial Administration Act* may retain (i.e., set-off) some or all of any money due or payable to that person by the government or out of a trust fund.

- PROVINCIAL TREASURY

PROVINCIAL TREASURY



FUNCTIONS

PROVINCIAL TREASURY

FUNCTIONAL RESPONSIBILITY

- Under the *Financial Administration Act*, *Trustee Act*, and various acts governing the activity of Crown corporations and public sector pension funds, the Provincial Treasury manages the province's major financial assets and liabilities and is responsible for non-budgetary financial activities, including management of pension and trust funds.
- The division coordinates financing to meet the capital requirements of the province and its Crown corporations and agencies.
- The division also negotiates bank services for the province, maintains required records, registers securities issued by the Crown, and provides safekeeping for all securities on deposit.
- The division's clients include the province, its Crown corporations, agencies and the following with respect to the investment of their pension funds:
 - Crown corporation employees
 - educational institutions
 - provincial and local government employees
 - hospital workers

BRANCH FUNCTIONS

Central Borrowing and Planning Branch

- The Central Borrowing and Planning Branch is responsible for all aspects of debt management for the province and government corporations.
- The branch recommends and implements the borrowing strategy for the government and its corporations, and is responsible for coordinating, negotiating and completing public and private financings.
- The branch operates the province's U.S. and Canadian short-term borrowing program, is responsible for all aspects of the issuance of public bond issues in Canada, in Europe in both Canadian and U.S. dollars, and in the United States; private placements in Canada and abroad; and other specialized methods of raising funds, such as through leases.
- The branch makes representation on the province's behalf to U.S. and Canadian rating agencies, advises with regard to the Minister of Finance's fiscal agent responsibility for Crown corporations, and represents the province in international financial markets.
- The branch is responsible for securities registration, vault security and inventory audit, and for settlement and delivery of all investment transactions.
- The branch is also responsible for collection, monitoring and deposit of bond interest payments, bond maturity payments and other forms of principal repayments and is custodian of securities posted for provincial licensing, contract and other purposes.
- The branch is responsible for recording and reporting government and Crown corporation debt.
- The branch operates within the framework of the *Financial Administration Act* and the various acts governing the activity of government corporations.

Investments/Administration Branch

- The Investments/Administration Branch recommends investment strategy for the province, all pension and sinking funds* and surplus funds of Crown corporations.
- The branch provides continuous market intelligence and research for the ministry, and executes investments with the assistance of professional money managers.
- The branch is responsible for money market and bond market investing and trading. The branch also carries out credit risk analyses of financial institutions, as required.
- The branch executes all foreign exchange activities on behalf of the province and its Crown corporations.
- The branch operates the province's weekly Treasury Bill auction in which the province receives bids from financial institutions for the purchase of Treasury Bills, a short-term security guaranteed as to principal and interest by the province.
- The branch is responsible for the province's market maintenance program, which ensures that British Columbia bonds trade in the market at prices appropriate to the best interest of the province.
- The branch is also responsible for all budget administration and personnel management within the division.
- The branch operates under various acts including the *Financial Administration Act*, various pension funds and Crown corporation acts, and the *Trustee Act*.

Banking and Cash Management Branch

- The Banking and Cash Management Branch is responsible for forecasting, monitoring and controlling the province's cash flow and bank accounts.
- The branch is responsible for the distribution of all government payments, either by cheque or direct deposit to bank accounts by means of electronic funds transfers at the option of the payee.
- The branch administers the Certificate of Approval capital borrowing program. The program uses the borrowing power of the province to obtain interim financing for capital projects undertaken by local government bodies.
- The branch negotiates the province's banking services contracts and assists in tendering banking services contracts for Crown corporations. From these records a central bank account registry is maintained.
- The branch carries out reconciliation of certain of the province's major bank accounts and produces financial statements as required.
- The branch performs accounting and reporting functions for investment and borrowing transactions. In addition, annual financial statements for the Capital Financing Authorities (British Columbia School and Regional Hospital Districts, Educational Institutions, and Housing and Employment Development) are prepared.
- The branch operates within the framework of the *Financial Administration Act* and the various acts governing the financial activity of government corporations.

* Funds set-up with annual payments accumulated and re-invested to pay off the principal of a debt when it matures.

- **ADMINISTRATION AND SUPPORT SERVICES**

ADMINISTRATION AND SUPPORT SERVICES DIVISION

**EXECUTIVE
DIRECTOR**

**Financial
Services and
Administration**

Personnel

**Government
Agents**

**Information
Systems**

FUNCTIONS

ADMINISTRATION AND SUPPORT SERVICES

FUNCTIONAL RESPONSIBILITY

- The Administration and Support Services Division is responsible for the provision of:
 - financial, administrative, technical, personnel and computer services to the Ministry of Finance
 - general government services, revenue collection and disbursements, and program information to the public through 61 Government Agent offices located throughout the province

BRANCH FUNCTIONS

Financial Services and Administration Branch

- The branch is responsible for overall financial administration and control in the Ministry of Finance, for ministry records management and for the provision of office space and ancillary services. The branch also assists in the development and maintenance of ministry forms and of policy and procedure manuals, and is responsible for methods and procedures analyses aimed at productivity improvement within the ministry.
- The financial operations section of the branch coordinates the preparation, implementation and monitoring of the ministry's annual budget. It also manages the ministry's central accounting system, including ministry payroll.
- The provincial government's Suggestions Awards Program is managed by the Financial Services and Administration Branch.

Personnel Branch

- The Personnel Branch provides the ministry with services in all areas of human resources management. This comprises organizational improvements and manpower planning; classification analysis; recruitment and placement services; interpretive and investigative advice on all phases of labour relations; the training and development of ministry employees; benefit and administrative services including employee records, personnel statistics and branch support services.

Information Systems Branch

- The Information Systems Branch provides information management services to all divisions of the Ministry of Finance. These services include the planning, development, enhancement and maintenance of computer supported systems and data processing operations.

Government Agents Branch

- The Government Agents Branch provides the public with a wide range of government services including the local collection and disbursement of government funds as well as the dissemination of information about government programs from 61 offices throughout the province.
- Several statutory appointments are held by Government Agents, for example, Registrar or Deputy Registrar of Voters, Provincial Collector or Deputy Provincial Collector, Gold Commissioner or Sub-Mining Recorder, District Registrar of Births, Deaths and Marriages, and Commissioner for Affidavits.
- Government Agents deliver various programs and services on behalf of ministries and agencies, such as those in the table on the next page.

GOVERNMENT AGENT SERVICES ON BEHALF OF OTHER MINISTRIES AND ORGANIZATIONS		
MINISTRY AGENCY	PROGRAM	SERVICE DELIVERED
Finance	Surveyor of Taxes	Receive and administer collection of rural property taxes.
	Consumer Taxation	Vendor information programs and delinquency control with respect to late tax payments under the <i>Hotel Room</i> and <i>Social Service Tax Acts</i> .
	Courts of Revision	Establish courts for hearing appeals of rural property tax assessments.
Health	Vital Statistics	Process registrations and licences.
	Medical Services Plan	Receive payments and provide status of accounts.
Labour	Safety Engineering	Issue electrical/gas permits.
Energy, Mines and Petroleum Resources	Mineral Titles	Record and maintain claims and leases.
Environment	Fish and Wildlife	Sell and control licences and issue permits.
	Maps B.C.	Sell maps and air photos.
Consumer and Corporate Affairs	Mobile Home Registry	Process moves, transfers.
	Central Registry	Lien and company searches.
	Residential Tenancy	Assist with mediation of landlord/tenant disputes.
Transportation and Highways	Motor Vehicle Department	Motor vehicle and driver licencing (6 offices only).
Provincial Secretary and Government Services	Elections Branch	Voter registration.
	Postal Services	Postal services.
	Government Information Services	Program information for the public.
	Government Personnel Services Division	Assistance in staff recruitment and selection.
Attorney General	Court Services	Assist in court registry and fine collections.
Labour Relations Board		Strike vote observer.
B.C. Ferries		Sell commuter tickets.
Expo 86		Sell passports, passes.

GOVERNMENT AGENCIES



PURCHASING COMMISSION

LEGISLATIVE
ASSEMBLY

MINISTER
OF
FINANCE

PURCHASING
COMMISSION

CHIEF
EXECUTIVE
OFFICER

Office of the
Public Sector
Purchasing
Policy

Procurement

Materiel
Administration

Policy and
Administration

FUNCTIONS

PURCHASING COMMISSION

FUNCTIONAL RESPONSIBILITY

- The Purchasing Commission is the central procurement agency for the Government of British Columbia, responsible to the Legislative Assembly, and operates under the *Purchasing Commission Act*.
- The Commission is responsible for providing materiel management services to ministries and to two Crown corporations — B.C. Buildings Corporation and B.C. Ferry Corporation. The services include procurement, warehousing, technical services, and Crown assets disposal.
- In 1985 the Commission was charged with a new responsibility to facilitate the use of the purchasing power of the public sector for the fiscal and economic benefit of the Province of British Columbia.

BRANCH FUNCTIONS

Office of the Public Sector Purchasing Policy

- The Public Sector Purchasing Policy Office develops, implements and monitors strategies for maximizing economic and fiscal benefits to the Province of British Columbia from the estimated \$2 billion per annum spent on public sector procurement. (See Programs and Initiatives Section for detailed information on the Public Sector Purchasing Policy.)
- The office provides a secretariat for coordination of the Public Sector Purchasing Policy, involving creation of cooperative partnerships among public bodies in the province and between the public and private sectors.

Procurement Branch

- The Procurement Branch is responsible for assisting client ministries to plan their materiel requirements, negotiating the acquisition of materiel, and monitoring vendor performance.

Materiel Administration Branch

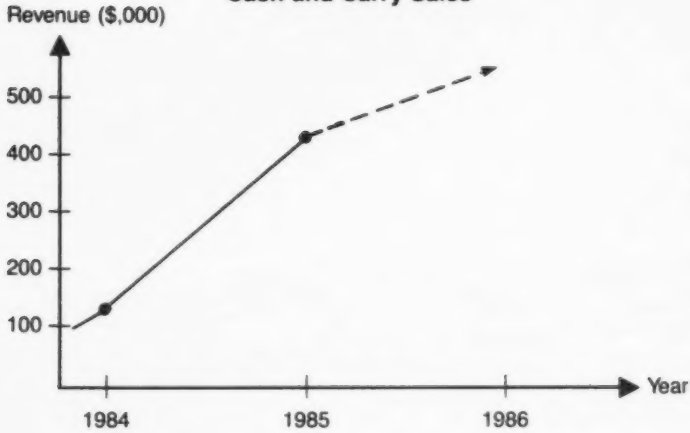
- The Materiel Administration Branch includes warehousing, surplus redistribution, Crown asset disposal and technical services.
- The warehouse section supplies client ministries and Crown corporations with commodities obtained through bulk/volume buys and emergency materiel as required.
- The surplus redistribution section reassigns surplus materiel within government to reduce the need to purchase new supplies and equipment.
- The Crown asset disposal section disposes of materiel which is no longer required, at fair market value.
- The technical services section establishes product standards for government, provides service contract administration, and performs technical audits and product evaluations.

Policy and Administration Branch

- The Policy and Administration Branch provides financial and general administrative support services, including computer operations within the Purchasing Commission.
- The branch is also responsible for the development and maintenance of materiel management policy for the provincial government.

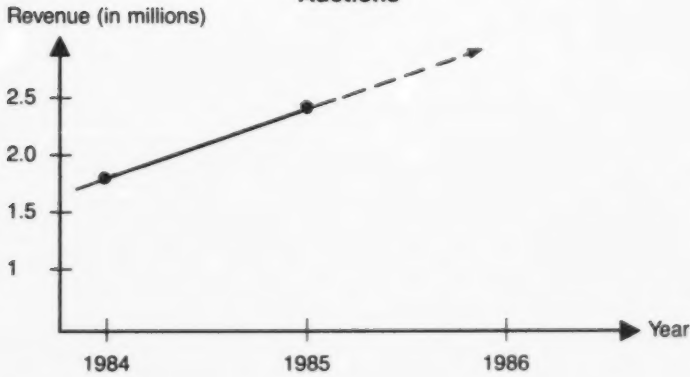
CROWN ASSETS DISPOSAL

Cash and Carry Sales

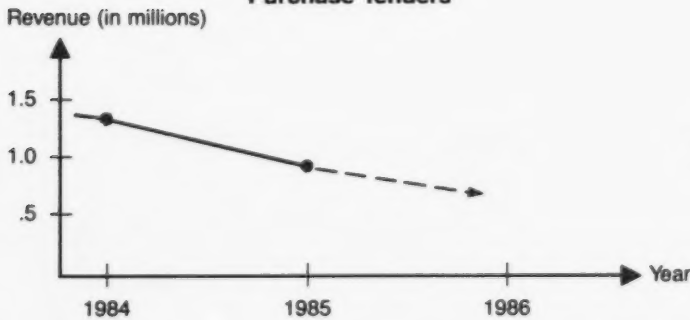


Note: Increase due to increased participation by the federal government and other public bodies.

Auctions



Purchase Tenders



Note: Reduction due to more extensive use of other methods of disposal, in particular the addition of cash and carry sales.

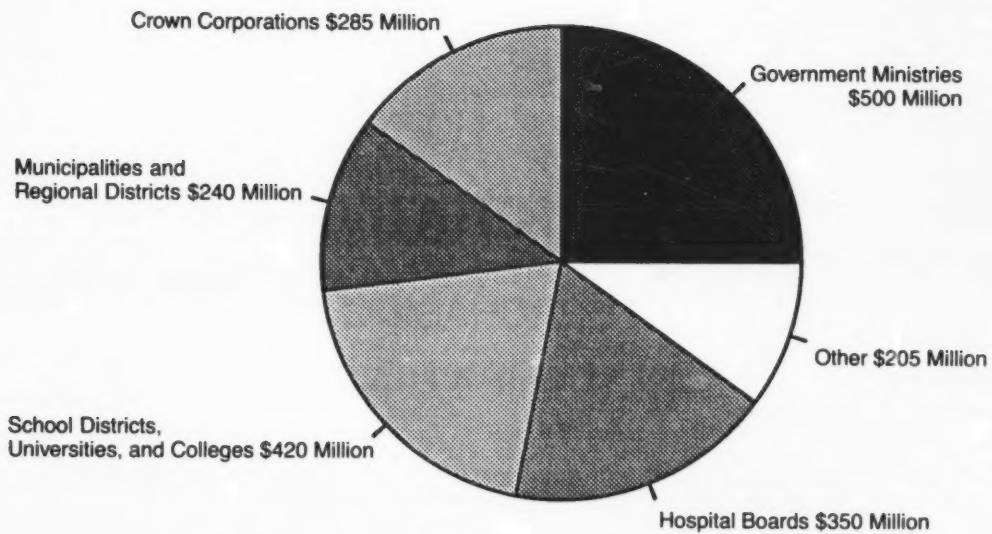
Purchasing Commission Programs

ENTERPRISES	PROGRAMS	DELIVERABLE
1. Technical Services (Full-time staff—24)	Technical Evaluation (Victoria/Vancouver only)	The examination of all new, used or problem equipment/products as to performance, reliability, life cycle costs, safety and repair/replace decisions.
	Research, Specifications and Standards (Victoria/Vancouver only)	The research, development and documentation of standards and specifications for use in the Provincial Public Sector. Findings are shared with other governments and standards organizations.
	Customer Services and Contract Coordination	The coordinating and control of contracted repair and maintenance services provided by the private sector for public sector clients.
	Technical Audit and Quality Control	Adherence to the highest ethical standards and value for dollars spent by public bodies on equipment and associated life cycle costs.
2. Materiel Control (Full-time staff—7.5)	Wholesale Warehouses	The correct distribution of new products inventoried in regional warehouses for public sector use.
	Surplus Distribution	The redistribution of surplus materiel from one program to another to reduce the cost of buying.
	Crown Assets Disposal	The disposal of Crown assets by multiple means to obtain best market value. The three major methods of disposal are: public auctions; purchase tenders; and cash and carry sales. Sales are worldwide. Major projects include: Expo 86, B.C. Cellulose, Ocean Falls. (See separate section on Cash and Carry Sales)
3. Inventory Control (Full-time staff — 2)	Asset Control	The control of all physical stock held by each of the four regional warehouses in the Purchasing Commission for sale, redistribution or disposal.
4. Supply Admin. and Control (Full-time staff — 7)	Financial	The documentation and control of all financial transactions affecting the enterprises.
	Administration	The control of facilities, personnel and contracted services.



PROGRAMS AND INITIATIVES

- PUBLIC SECTOR PURCHASING POLICY
- SIMPLIFICATION AND TAX RELIEF MEASURES
- SERVICES TO THE PUBLIC
- PRODUCTIVITY AND ADMINISTRATIVE IMPROVEMENTS



\$2 Billion Annually in Public Sector Purchasing

PUBLIC SECTOR PURCHASING POLICY

Policy Profile

- On April 1, 1985, the Purchasing Commission implemented a new Public Sector Purchasing Policy (PSPP) as part of the government's Partners In Enterprise Program. The policy involves a cooperative partnership among public bodies and between the public and private sectors. The policy uses the \$2 billion spent annually by public agencies to promote economic development and job creation both province-wide and regionally within British Columbia.
- Application of the policy is mandatory for all provincial ministries and Crown corporations and is strongly encouraged among all other public bodies, including schools, colleges, universities, hospitals, municipalities and regional districts.
- The policy is consistent with the GATT (General Agreement on Tariffs and Trade) free trade agreements and the provincial government's commitment to freer trade.
- The policy is administered by the Office of the Public Sector Purchasing Policy in conjunction with the Procurement and Materiel Administration Branches of the Purchasing Commission.
- The Office of the Public Sector Purchasing Policy which functioned with 3.5 full-time employees and operated on a budget of \$499,600, coordinated the overall PSPP in cooperation with professional buyers and administrators throughout the public sector.

Public Information

- A public information plan was developed and implemented to promote the policy objectives of the Public Sector Purchasing Policy. It has resulted in:
 - participation in more than 50 trade shows and meetings with business groups throughout B.C. at which extensive information was made available to the public including:
 - profile on activities of the Purchasing Commission in a particular community
 - an information kit including detailed information on the Public Sector Purchasing Policy
 - a supplier brochure *We Want You On Our Shopping List* which explains how suppliers can sell to government ministries and other public agencies
 - an audio-visual presentation on purchasing procedures and the Public Sector Purchasing Policy
 - publication of *Public Purchasing News*, a bi-monthly newsletter documenting the initiatives and achievements of the Public Sector Purchasing Policy. It was widely distributed to government, and public sector offices and associations (including hospitals, school boards, municipalities, libraries, Chambers of Commerce, Crown corporations, professional associations, and economic development commissions).
 - extensive media coverage on radio (2), television (6), and newspaper and magazines (10).

New Business Opportunities

- More than 100 business opportunities were identified and initiated directly or through others to use public purchasing to create new jobs in the province. For example:
 - the employment of 12 men by Westcoast Engineering of Delta in their Langley plant to manufacture highway sign posts formerly produced out of province
 - location of Novatron Corporation in Victoria and the potential addition of up to 30 new jobs from the export of their SupplyNet information system
 - the Correctional Centre security locking system, designed by FAB Industries of Port Coquitlam, created 20 jobs and has stimulated new Canadian and American markets for this company

SupplyNet

- The SupplyNet system is a computer-based information system that will make an extensive range of purchasing information available to buyers throughout the public sector in British Columbia. Buyers will use their own computer terminals to gain access to the centrally-held information about products and services available through vendors, and to exchange purchasing and other information with one another.
- The dissemination and exchange of information made possible by the system will help buyers to use public purchasing as a means of stimulating economic development in British Columbia and will also lead to direct cost savings in public purchasing.

Cooperative Purchasing

- In June 1985, a Memorandum of Understanding was signed by the Honourable Hugh Curtis, Minister of Finance and the Honourable Harve Andre, federal Minister of Supply & Services to establish increased cooperation between Canada and British Columbia in the realm of purchasing. This agreement forms the basis of an initiative to increase the share of federal defense and international trade spending, directed toward British Columbia companies.
- A cooperative economic development project was implemented in Prince George to develop public sector markets for local vendors. Administrators and purchasers from the local municipal office, school district, college and hospital as well as the Purchasing Commission are involved in this project. A similar project will be implemented in Kamloops in 1986.
- A cooperative purchasing task force of key public sector buyers was established in Vancouver to discuss cooperative purchasing and economic development initiatives. Participants include B.C. Hydro, B.C. Rail, Insurance Corporation of B.C., B.C. Transit, B.C. Ferry Corporation, Vancouver School Board and the Purchasing Commission.
- Cooperative purchasing initiatives have resulted in a cost savings for public agencies of a minimum of \$150,000 since April 1985.

Master Standing Offers

- In 1985, more than 20 Master Standing Offers (open orders negotiated with suppliers for products used by various ministries and public agencies) were opened to public bodies to encourage cooperative purchasing resulting in cost savings.

Working Capital and Purchasing Commission Enterprises

- In 1985, by amendment to the *Purchasing Commission Act*, working capital was advanced for fiscal year 1985/86. The advance is applied to fund Commission enterprises which operate on a full recovery basis and in general accord with private sector principles of accounting.

The program services provided by Commission enterprises are province-wide and include wholesale warehousing, Crown assets disposal, redistribution of surplus assets, and technical services in support of product specifications, product evaluation, contracted services for equipment repair/maintenance and life-cycle management. The Public Sector Purchasing Policy provides the services of these enterprises to public sector bodies and agencies on a cost-recovery basis. The benefits which are realized include:

- reduced cost of supplies and services through volume and bulk buys
- product availability to support continuous program delivery
- supply arrangements which lead to stimulation of regional purchasing from local and regional suppliers, and opportunities for British Columbia manufacturing
- product quality control and reliability (lifecycle management)
- assistance to business with production planning in accordance with public sector purchasing patterns

- consolidated payments to suppliers from wholesale warehouses
- disposal of Crown assets surplus to the needs of ministries and other public bodies at fair market value
- The full complement of Commission enterprise services (exceptions noted below) are available from four locations:
 - Victoria
 - Vancouver
 - Prince George — except some technical services
 - Kamloops — except some technical services

SIMPLIFICATION AND TAX RELIEF MEASURES

Small Business Employment Tax Credit

- The Small Business Employment Tax Credit, administered by the Revenue Division, was introduced in the March 14, 1985 budget speech as a key element in the Government's program of economic renewal for British Columbia.
- The tax credit is available to incorporated small businesses regardless of whether they have corporate income tax to pay. All incorporated small businesses with annual salaries and wages totalling less than \$750,000 will be eligible for a credit of 1.5% of salaries and wages. Corporations with total salaries from \$750,000 to \$850,000 will be eligible for the tax credit in reduced amounts.
- The tax credit is administered through the Federal/ Provincial corporate income tax system with the Income Taxation Branch providing support services by responding directly to enquiries from the small business community.
- With this refundable tax credit, small businesses will be able to offset part of the overhead expense related to employment. The credit will promote job creation by cutting the cost of hiring; it also applies to existing employees. Over the next two years (1986/87 and 1987/88) this tax credit will assist in the creation of 250,000 jobs by small businesses in British Columbia.

Amnesty Program

- In the March 14, 1985 budget speech, a Consumer Taxation Amnesty Program was announced under which persons or businesses with an undisclosed tax liability under the consumer taxation statutes would not be charged penalties nor prosecuted if a voluntary disclosure of the tax liability was made before July 1, 1985. This program was later extended to July 15, 1985.
- The program was introduced to provide persons who had undisclosed tax liabilities with the opportunity to voluntarily pay all taxes due prior to the introduction of increased penalties for noncompliance (legislation introduced effective July 1, 1985).
- A total of 120 disclosures of outstanding tax liabilities was received for an additional tax recovery of \$1.5 million. The program is considered to have been successful as a significant amount of tax was recovered at a very low cost to the province.

Corporation Capital Tax Phase-Out

- The *Corporation Capital Tax Act* levies tax, at varying rates, upon capital situated within British Columbia. Only those corporations having a permanent establishment within the province, and taxable capital in excess of certain minimum statutory levels, are taxable.
- The act is administered by the Income Taxation Branch of Revenue Division. The full time staff of eight is located in Victoria and undertakes processing, screening and assessment of approximately 10,000 taxpayer returns. This branch also carries out a compliance audit function with respect to taxpayers' returns, accomplished through desk and field audit.
- The tax is being phased-out, with repeal for all corporations except major banks headquartered outside British Columbia, with fiscal years commencing after April 1, 1987. The repeal of the act is consistent with the government's objective of reducing fixed costs to business and thereby creating an economic and taxation atmosphere which will encourage investment in British Columbia.
- The phase-out will be accomplished in three stages through the provision of increased deductions to take effect April 1, 1985, April 1, 1986 and repeal on April 1, 1987. Neither the increased deductions nor repeal provisions will apply to major chartered banks unless they are headquartered in the province.
- The successively increasing deductions will provide the most immediate tax savings to smaller corporations.

EXEMPTIONS/SAVINGS DURING PHASE-OUT

Tax Year	Number of Taxpayers Exempted	Annual Corporate Tax Savings (Millions)
1986-87	5,600	\$33
1987-88	2,400 (2-yr. total of 8,000)	\$17 (2-yr. total of \$50)
1988-89	2,200 (3-yr. total of 10,200)	\$24 (3-yr. total of \$74*)

* Corporations will continue to benefit by this annual tax saving beyond the repeal date of this Act.

Business Licence Refund

- In an effort to reduce the regulatory burden imposed by government on the private sector, provincial licence fees for businesses in non-municipal areas of the province were abolished with the repeal of the *Business Licence Act* effective January 1, 1985. As a result of this initiative the Government Agents Branch issued 4,510 refunds worth a total of \$284,420.75 for licences which had been paid for previously.

Public Service Reporting Practices

- The Reporting and Analysis Branch of the Office of the Comptroller General has continued to improve reporting practices in the *Public Accounts*, the government's major report of its accountability for the financial resources of the province. The aim is to make the *Public Accounts* more readable and so convey to the Members of the Legislative Assembly and to the taxpayers a clear picture of how the government raises its revenues and how these revenues are spent for various social and economic programs. In this regard, a *Public Accounts Digest* will be introduced in the near future.
- The Office of the Comptroller General has played an active role in the development of nationwide criteria for public sector reporting practices, now released as an exposure draft by the Canadian Institute of Chartered Accountants. These standards will have a significant impact on financial statement presentation and accounting practices for the public sector and will, when fully implemented, allow cross government comparison of the financial statements from various jurisdictions.
- The present accounting and reporting practices in British Columbia are, to a large degree, consistent with the standards proposed by the Institute; however, work is continuing on various projects to provide even greater clarity and to present complex financial information in a meaningful way.



Public Accounts, 1984-85 — Volumes I, II and III

SERVICES TO THE PUBLIC

Government Agent Services

In 1985 the Government Agents Branch focused on the role of the Government Agent in a changing world. This was the theme of a branch conference in March. During the year branch staff emphasized the branch's role in providing service to the public, and accomplished the following activities:

- ***Operating Principles***

As a means of achieving its mandate, the branch stressed the operating principles of service, economy, initiative and probity in all its dealings with the public. The branch also defined four major service areas for its field offices:

- program information for the public
- facilitator/problem solver
- financial services
- program services

Objectives were developed for each area.

- ***Information Services***

Information services are designed to help the public be aware of government programs and government be aware of local conditions. The Government Agent is a two-way communications channel between the community and its government. All Government Agents promoted an increasing number of programs and services, and provided the public with information, brochures, and application forms.

- ***Facilitator/Problem Solver***

Closely related to the area of information services, the role of facilitator/problem solver enabled the public to access government programs and services. The public was able to receive information and advice on subjects such as residential tenancy, and meet with the Ombudsman who visited several Government Agent offices in conjunction with his 1985 tour of the province.

- ***Financial Services***

New financial services included building on the close working relationship with the Consumer Taxation Branch in implementing the ministry's delinquency control pilot project in 13 locations. Capitalizing on their knowledge of the local communities, Government Agents contacted vendors concerning delinquent Social Service and Hotel Room Tax accounts. Local enquiries by the resident Government Agent produced positive results in collection action. Based on the project's success the ministry decided in December 1985 to extend the project to most areas of the province. Government Agents also provided vendors with general information on consumer taxation matters. Finally, increased payment authority was delegated by the Office of the Comptroller General to several Government Agents to expedite the payment of supplier accounts related to the Ministry of Forests fire suppression costs during the 1985 fire suppression crisis.

- ***Program Delivery***

Program delivery services help the public receive selected government programs and services. Program delivery initiatives in 1985 included providing services and assistance to the public on behalf of the Purchasing Commission, Ombudsman and EXPO 86.

- *Agency Update*

During 1985 the branch developed and implemented the Agency Update project in four locations: Prince George, Nanaimo, Sechelt and Kelowna. The objective was to upgrade, improve and evaluate the service, operation and appearance of these offices. The branch improved interior and exterior signs and installed modular information display units. It also installed additional computer terminals and printers to access provincial databases more efficiently, and made offices and counter areas more functional and contemporary.

In order to accomplish these activities the branch reviewed and restructured its Victoria organization to reinforce its mandate of providing customer-oriented, helpful service and to reflect the interrelationship between Government Agents and their clients. Each Manager of Government Agents in Victoria was assigned a dual role of managing field offices and liaising with client ministry officials to ensure that Government Agents provide necessary and useful services in the most efficient manner. Managers increased the frequency of regional meetings and field visits to improve communication links with Government Agents. The branch took on the new name of Government Agents Branch (formerly Government Agencies Branch). This name change emphasized the focus on the Government Agents and the important role they play in their respective communities.



Customer Service Units

Office of the Comptroller General

- A customer service unit was established in 1984 by the Financial Disbursement Branch of the Office of the Comptroller General to provide a one-stop service to the public and to ministries when making enquiries about the government's payment process. In 1985, the program was expanded to improve the efficiency with which customer enquiries were answered.
- The objective of the program is to provide a single contact in government to answer enquiries about payments. A single call to Customer Service (387-4551) can eliminate the frustration often felt when dealing with a large organization.
- In 1984 and 1985, the equivalent of 1.5 full-time staff dealt with more than 1000 enquiries from outside government each year.

Purchasing Commission

- Within the Purchasing Commission, there are several points of contact for both Commission customers and suppliers to liaise on materiel management matters.
- The Procurement Branch has a position designated as Operations Coordinator to field queries from government ministries on the status of purchase requisitions in the procurement process and from public bodies on commodities available on Master Standing Offers.
- In each of its four regional locations, the Materiel Administration Branch has a Technical Services Officer to assist client ministries and public bodies with the repair and maintenance of office equipment. Clients contact the Technical Services Officer for "over the telephone" assessments and, occasionally, resolution of equipment breakdowns, dispatching of qualified third party contractors and resolution of issues concerning contractor service performance. Officers are located in: Vancouver (270-1170); Victoria (387-1983); Kamloops (828-4322); and Prince George (565-6368).
- In addition, the Materiel Administration Branch has an Inventory Control Officer in Victoria responsible for producing the Commission's Supply Catalogue and serving as a contact for government ministries and public bodies to advise on items stocked in the warehouses and their prices (389-3300).
- Procurement Managers and Officers are available to offer advice and assistance to suppliers including: information on how to become a qualified government supplier; strategies for more effectively competing for government business; information on the status of purchase tenders; and the names of successful suppliers and the contract prices. The Commission's supplier brochure, *We want you on our Shopping List* is available to describe the procedures which apply to those seeking government business.
- Business Development Officers in the Office of the Public Sector Purchasing Policy are available to bring suppliers and public sector buyers together on supply arrangements that benefit the economy of British Columbia.

INCREASED INFORMATION TO TAXPAYERS

● *Consumer Taxation*

The Consumer Taxation Branch maintains a series of public information bulletins on various consumer tax applications that are available to the public on request. During 1985, twenty new bulletins were issued and twenty of the existing bulletins were revised. As at December 31, 1985, sixty-two public information bulletins were available.

In addition, Government Agents were trained in providing basic information on consumer tax applications to the public. Arrangements were also made to distribute the Consumer Taxation

Branch public information bulletins from all Government Agency offices. This has provided sixty-one additional locations from which the public may obtain consumer tax information.

The Taxpayer Services Section of the Vancouver Consumer Taxation Branch office continued their ongoing program of contacting eighty percent of all newly registered businesses in the vicinity of Vancouver within three months after registration. The purpose of these contacts was to provide newly registered vendors with tax information and advice pertaining to their specific business. This program will be expanded to other areas of the province in the near future.

- ***Real Property Taxation***

The efficiency of the levy system which determines tax rates and produces rural property tax notices was improved in 1985 as a result of a system upgrade which:

- accommodated legislative changes introduced earlier in the year
- automated some previously manual input processes
- automated entitlement calculations for the federal grants-in-lieu of taxes process affecting 115 provincial taxing jurisdictions

This latter improvement was used to prepare final grant payments for the 1984 tax year and greatly reduced the manual calculations for this process. In conjunction with an arrangement with the federal government to maintain grants-in-lieu of taxes on a current basis, it also enabled the payment of grants to taxing jurisdictions (School Districts, Regional Districts, Regional Hospital Districts, the British Columbia Assessment Authority and Library Districts) in rural areas to be brought up to date for the first time in several years.

The Land Tax Information System (LTIS) was also significantly upgraded in 1985 to provide improved computerized accounting and access to the system. This enhancement has improved service to the taxpayer by increasing efficiency in both the Victoria Office and the Government Agent offices in the field.

The following additional initiatives were also undertaken to improve service to the taxpayer:

- the business rules for the land tax accounts receivable system were codified to ensure consistent application to all taxpayers throughout the province
- an increased emphasis on measures dealing fairly but quickly with delinquent taxpayers under the Collections Program was implemented
- a new brochure providing explanations and helpful hints for taxpayers on Rural Property Taxation matters was published
- the Real Property Taxation Branch implemented the policy of providing clear, understandable explanatory letters in response to Real Property (Rural Area) Taxation problems identified by taxpayers

Cash and Carry Sales — Purchasing Commission

- The first cash and carry sale was held in 1984 by the Materiel Administration Branch of the Purchasing Commission as a new means for disposing of Crown assets.
- Since their beginning, cash and carry sales have become increasingly popular with the public. To date, eight cash and carry sales have been held in four cities: Victoria, Prince George, Kamloops and Richmond, with total attendance at well over 30,000 and sales of approximately \$450,000.
- Increased participation on the part of the federal government and other public bodies will add to the success of cash and carry sales in the future.



Victoria Cash and Carry Sale.

PRODUCTIVITY AND ADMINISTRATIVE IMPROVEMENTS

Utilization of Investment Funds

- The Provincial Treasury plays a vital role in managing the financial assets of the province and those Crown corporations for which the Minister of Finance is trustee or which are contracted to the Ministry of Finance under Fiscal Agency Agreements. The Security Investment System (SIS) is an inventory system designed to record the investment assets of the province and various related government bodies. It provides accounting reports, inventory control and investment management for funds (currently \$13 billion) under the administration of the Provincial Treasury.
- In keeping with the goal of optimizing asset management and operational efficiencies, major enhancements to the Security Investment System were completed in 1985. The enhancements provide for unitized accounting of moneymarket and long term investments, with the specific intent of improving investment reporting and increasing the rate of return on the investment portfolio. The unitized fund concept is similar to a 'retail' mutual fund, comprising a number of investment securities. Since more than one client may own units in a single fund, economies of scale are realized in the purchase and sale of investment securities through the pooling of cash flows from a number of clients.
- The management of specific asset pools, combined with better investment reporting, will facilitate a higher rate of return on the province's investments. The additional investment income has been conservatively estimated at approximately \$4 million per year.

Revenue Administration Review

- The Minister of Finance requested that reviews be undertaken of the revenue administration systems of high-revenue earning ministries. A joint team, comprised of members of Treasury Board Staff, Provincial Treasury and personnel from the ministry under review, assessed systems of revenue administration in terms of:
 - possible revenue increases due to new or revised policy
 - increased efficiency of revenue collection
 - improved financial controls over monies received
- By the end of 1985, the study had covered the Ministries of Forests; Energy, Mines and Petroleum Resources; Environment; and Transportation and Highways (Motor Vehicle Department). Other ministries will be scheduled for review in the near future. To date, reviews have resulted in many recommendations regarding possible revenue increases, increased efficiency and improved controls. Treasury Board Staff is coordinating implementation of the recommendations in cooperation with the ministries involved.
- One result of the review in the Ministry of Energy, Mines and Petroleum Resources was to expedite the receipt of petroleum and natural gas revenue from major oil and gas companies headquartered in Calgary and Edmonton. The use of electronic funds transfer and a lock box facility operated in Calgary by the principal banker of the Province of British Columbia has significantly reduced the time money (which was previously remitted by mail) is in transit. This, in turn, has enabled the province to deposit this money sooner and generate increased interest income as a result. The potential for increased interest income was originally estimated at \$280,000 annually, but may actually be as high as \$416,000 annually based on analysis of the initial results.

Direct Deposit of Payroll

- Approximately 53% of all government employees receive their pay by direct deposit. Direct deposit is a form of electronic funds transfer in which wages are deposited directly to the employees' bank accounts every payday. It is more secure and more convenient than being paid by cheque. Direct deposit also generates significant cost savings to government through lower distribution costs and reduced bank service charges.
- The percentage of government employees on direct deposit has increased significantly in the last year. Much of this increase can be attributed to a promotional campaign undertaken by the Ministry of Finance in the fall of 1985. Employee participation in direct deposit increased from 43% when the campaign began, to 53% by the end of the year. The campaign featured wall posters, advertisements in *Postings* (a comprehensive listing of job opportunities within the public service), and flyers distributed to employees not already on direct deposit.

1985 Ministry of Finance Employee Survey

- In September 1985, the deputy minister requested an employee survey be undertaken to provide senior management with an overview of the ministry's organizational climate.
- Staff were asked for their views on such diverse topics as communications, managerial practices, staff development and training needs. The objective was to develop an environment that would be supportive and rewarding for employees and at the same time facilitate the achievement of ministry objectives.
- Of the 395 questionnaires sent to randomly selected staff members, 275 were returned, about a 70% response rate.
- The results of the survey were communicated to staff in November and December. Staff had access to the written survey analysis and in addition staff meetings were held in all divisions in both Victoria and Vancouver, with every staff member having an opportunity to attend. The survey results were discussed with all Government Agents at their regional meetings, who in turn discussed them with their own staff.
- At year's end, the Ministry Executive Committee was developing an action plan to respond to issues addressed in the survey. These issues can be grouped under five major headings: work environment; communications; skill training; staff development; and, staff recognition. Staff participation was also sought in developing solutions for issues raised in the survey.

Audit/Audit Implementation

- The Internal Audit Branch of the Office of the Comptroller General is responsible for the total internal audit function throughout the government, including ministries, agencies and public bodies. The internal audit function has been strengthened over the past few years by the gradual establishment of ministry internal audit units.
- Audits are conducted to provide senior management with an independent appraisal of the efficiency and effectiveness of management practices, processes and controls. Audit recommendations are made to management for correcting weaknesses, errors, waste, inefficiencies, and improprieties discovered in the course of audits.
- The program utilizes 31 full time positions at a total cost of approximately \$1.2 million. The division made over 150 recommendations for improvement in 1985, almost all of which have been accepted and acted upon by management.
- In addition to the strengthened internal audit program, a complementary initiative was undertaken by the Financial Management Branch in 1985 to:
 - ensure the development of ministry plans for the effective implementation of audit recommendations; and
 - review the controls in manual and computerized system development initiatives undertaken by ministries
- The objective of the program is to provide assurance to the Comptroller General and to Treasury Board that timely corrective action is taken by ministries so that the province's resources are managed in the most effective and economical manner possible.
- In 1985, six full-time positions in the branch were assigned to this area. Each position has assigned to it a portfolio of ministries for which it is responsible. This ensures consistency and efficiency in the evaluation of financial systems and corrective action undertaken by ministries in response to audit recommendations. The cost of providing this program in 1985 was approximately \$155,000.

Suggestion Awards Program

- The Suggestion Awards Program was established in late 1980 to encourage provincial government employees to submit ideas to enhance efficiency, increase safety and improve service to the public. It provides awards of up to ten percent of an adopted suggestion's annual savings, to a maximum of \$10,000. Initial awards are based on estimated savings and limited to \$1,500. Subsequent awards for the remaining amount are based on demonstrated savings after the suggestion has been in effect for approximately one year.
- In 1985 the Program embarked upon a sustained promotional campaign. Flyers were distributed to employees in conjunction with their bi-weekly pay. These flyers were also used as posters in government offices throughout the province. The result was a significant increase in suggestions: 460 compared to 222 received in 1984.
- As the following table indicates, the program has granted 93 cash awards worth a total of \$41,910 since its inception. The related suggestions have generated annual savings of \$754,932 for the taxpayer and the government.

YEAR	NUMBER OF SUGGESTIONS RECEIVED	NUMBER OF INITIAL CASH AWARDS GRANTED	SUBSEQUENT CASH AWARDS GRANTED	VALUE OF CASH AWARDS	SAVINGS FROM ADOPTED SUGGESTIONS
1980/81	339	8	0	\$ 2,550	\$ 31,392
1982	273	21	0	\$ 5,950	\$134,760
1983	212	24	0	\$10,050	\$139,549
1984	222	21	0	\$ 7,560	\$308,180
1985	460	19	1	\$15,800	\$141,051
Total	1,506	93	1	\$41,910	\$754,932

Note: Awards of less than 10% of estimated savings are frequently given when extenuating circumstances exist (e.g., the idea was only one factor among several responsible for a beneficial change). When subsequent awards are granted, the savings resulting from the suggestion in question are reflected in the previous year's savings figure.

- The Suggestion Award Program's goal for 1986 is to increase suggestion quality and the number of awards granted, while maintaining the level of employee participation achieved in 1985.
- The program's central administration requires 1.75 full-time workers.

Fixed Asset Inventory System

- During 1985 a new computerized Fixed Asset Inventory System (FAIS) was developed by in-house specialists for the ministry at an estimated cost of \$7,000. This inventory system replaced a central word processing application which was paper intensive and had proven time consuming in making updates.
- The switch to FAIS was concurrent with the introduction of an updated policy on ministry fixed asset control. The new policy assigned central control of FAIS to the Financial Services and Administration Branch, but emphasized divisional responsibility for protecting the ministry's more than 12,000 fixed assets (e.g., desks, chairs, bookcases, filing cabinets, calculators, etc.). The new system and procedures have been accommodated within existing division staff complements.
- FAIS incorporates the following features to maintain control, ease compliance and to enhance audit capability:
 - immediate on-line transaction recording by all ministry divisions
 - detailed asset location and identification
 - detailed report generation based on local levels or the entire asset inventory
 - dual control of asset acquisition, transfer and disposal through transaction recording by both local asset control officers and the Ministry Asset Control Officer
 - diminished paper flow and resource requirements
 - enhanced audit capabilities
 - development and implementation of a government-wide asset transfer and disposal form as a joint project between the Purchasing Commission and Financial Services and Administration Branch

Closure of Ministry Warehouse/Improved Records Management

- During 1985 the ministry continued to improve its management and control of semi-active records and to reduce storage and retrieval costs. A major thrust for the year was the closure of the ministry's Victoria-area warehouse (annual lease cost \$32,000). This was accom-

plished by transferring 25,628 cubic feet of records (13,347 in 1985, 12,281 in 1984) into private sector records storage under bonded service contracts administered by the Records Management Branch (RMB), Ministry of Provincial Secretary and Government Services.

- The cost of this project to the provincial government over calendar 1984 and 1985 was \$72,000. This cost will be recovered in less than four years based on the following improvements:
 - the more economic storage space provided by the RMB for these records has produced annual savings of \$15,000 for the government
 - a onetime cost avoidance of \$8,000 resulted from the confidential disposal of approximately 4,500 cubic feet of records duly approved for destruction
 - retrieval of records from storage and their subsequent return is done by an authorized Finance Ministry staff member simply making a phone call. The cost of this delivery and pick-up service is included in the savings figures given above. Previously Finance personnel had to do their own retrievals from the ministry warehouse. This was expensive in terms of staff time
 - in the past, significant quantities of semi-active records were kept longer than necessary and incurred unnecessary storage costs because they did not have specified retention periods. Now all Ministry of Finance records in semi-active storage provided by the RMB have specified retention periods and are disposed of in a timely manner
- In the Ministry of Finance the on-going management of semi-active records requires less than one full time worker.

APPENDICES

- ACTIVITY MEASURES
- LEGISLATION
- MINISTRY PUBLICATIONS

ACTIVITY MEASURES

TREASURY BOARD STAFF

ACTIVITY	1984	1985	COMMENT
Number of Treasury Board Submissions Received and Processed	287	298	During 1984 Treasury Board Staff (TBS) operated with 58.58 full-time staff. In 1985 TBS took on the additional responsibility of the Revenue Administration Review (see Programs and Initiatives Section) and operated with 58.79 full-time staff.

REVENUE DIVISION

ACTIVITY	1983	1984	1985	COMMENT
Consumer Taxation— Number of Registered Accounts				The Consumer Taxation Branch's full-time staff increased from 156 at year end 1984 to 158 at year end 1985.
— <i>Social Service Tax Act</i>	67,817	70,939	71,624	
— <i>Hotel Room Tax Act</i>	1,991	1,990	2,008	
— <i>Tobacco Tax Act</i>	77	73	74	
— <i>Gasoline Tax Act, Gasoline (Coloured) Tax Act, Motive Fuel Use Tax Act</i>	2,228	2,352	2,479	
Consumer Taxation— Number of Audits Conducted	3,874	3,414	3,208	
Total Audit Recovery	\$23,859,395	\$23,824,223	\$22,367,213	
Income Tax — Number of Audits Conducted	5,976	6,807	8,900	The Income Taxation Branch's full-time staff declined from 19 at year end 1984 to 17 at year end 1985.
Total Audit Recovery	\$8,461,141	\$7,527,002	\$9,559,621	

Note: For additional activity information, see statistical tables in the Revenue Division segment of the Ministry Organization section.

OFFICE OF THE COMPTROLLER GENERAL

ACTIVITY	1984	1985	COMMENT
Production Cost Per Government Payroll Cheque	\$0.41	\$0.38	Reduced production costs were due to continued improvements to the payroll system in 1985 to increase flexibility and speed while keeping costs under tight control. The number of full-time staff performing these activities declined from 27 in 1984 to 19.7 in 1985.
Payroll Vouchers Processed for Government	480,000	590,000	
Payment Vouchers Processed for Government	650,000	715,000	The number of full-time staff performing these activities declined slightly from 38 in 1984 to 37.3 in 1985.
Number of Cheques Produced for Government	2.8 million	2.5 million	
Training Days Delivered	1,500	3,080	The significant increase in training days delivered in 1985 is a result of: — specialized financial management workshops developed in conjunction with individual ministries, and — the development of a one-day update seminar for graduates of the five-day financial management and control course. The number of full-time staff performing this activity increased from 4 in 1984 to 4.5 in 1985.
Trust Account Balance	\$70 million	\$83 million	Four full-time staff managed trust accounts in 1984 and 1985.
Control of Revenue Received Through Government Agents and Courts	\$268 million	\$333 million	The number of full-time staff performing this activity declined from 4.5 in 1984 to 3.8 in 1985.

PROVINCIAL TREASURY

ACTIVITY	1984	1985	COMMENT
Funds Under Investment Management	\$11 billion	\$13 billion	The number of full-time staff performing these activities increased from 61 in 1984 to 63 in 1985.
Foreign Exchange Transactions	1.2 billion	1.1 billion	
Debt Under Management	\$16 billion	\$18 billion	
Cash Flow Under Management	\$72 billion	\$80 billion	
Electronic Funds Transfer — Number of Transactions — Value of Transactions	585,712 \$3.8 billion	1,228,354 \$5.3 billion	Electronic Funds Transfer (EFT) includes central accounts grants to schools, colleges, universities, hospitals, municipalities, day care centres and a host of other government or government-related agencies, as well as that portion of the provincial government payroll made by direct deposit (see Programs and Initiatives Section). In both 1984/85 and 1985/86* the equivalent of one staff person administered EFT in the Provincial Treasury.

* April 1st to March 31st.

ADMINISTRATION AND SUPPORT SERVICES DIVISION

ACTIVITY	1984	1985	COMMENT
Ministry Vouchers Processed	25,818	26,694	Two and a half full-time staff performed this activity in both fiscal 1984/85 and fiscal 1985/86*.
Ministry Payroll Forms Processed	6,976	6,300	Three full-time staff performed this activity in both fiscal 1984/85 and fiscal 1985/86*.
Ministry Forms Designed or Redesigned	259	295	The number of ministry forms has remained constant; 571 in September 1985, 569 in September 1984. One full-time staff member performed this activity in both 1984 and 1985.
Document Disposal Applications Raised	48	282	Increase was due to the shutdown of the ministry warehouse and the transfer of most of the ministry's semi-active records to more secure and economic storage (<i>see</i> Programs and Initiatives Section). Another factor contributing to the increase was the raising of 85 applications by the Government Agents Branch in order to reduce on-site records storage requirements. A portion of one full-time staff member's time was dedicated to managing these applications on a central basis in both 1984 and 1985.
Personnel Placements (Recruitment, Demotions, Acting and Temporary Appointments)	248	328	Staffing was fairly active due to reorganizations, amalgamations and filling of vacant positions previously on hold. This activity, among others, was performed by 11 full-time staff in 1984 and 12 full-time staff in 1985.
Training Hours: — Management — Technical/Clerical	2,430 2,220	4,107 4,219	Significant increase in both categories due to recruitment and selection workshops, clerical skills upgrade course for redundant key punch operators, and the financial management training program provided by the Office of the Comptroller General (OCG). Excluding the OCG courses, Personnel Branch dedicated the equivalent of one full-time staff member to training in both 1984 and 1985.
Government Agent Financial Transactions: —By Agents (1) —By Sub-Issuers (2) Value of Government Agent Transactions: —Agents —Sub-Issuers Government Agent Cheque Disbursements (3): —Transactions —Value	660,100 940,400 \$115.9 million \$139.9 million 93,200 \$90.4 million	557,600 901,000 \$106.4 million \$121.1 million 108,100 \$159.4 million	Financial transactions by Government Agents (1) include all revenue transactions processed in Government Agents' offices, but exclude monies initially processed by other ministries. Financial transactions by Sub-Issuers (2) includes the sale of fish, wildlife and other licences by commissioned persons, as well as the deposit of funds initially received by other ministries (e.g., crop insurance payments received and recorded by the Ministry of Agriculture and Food, then deposited with the nearest Government Agent for electronic transfer to Victoria). The decline in the number of Government Agent transactions is due to the motor vehicle function performed by Agents (i.e., the sale of various permits) being significantly reduced. Cheques disbursed by Government Agents (3) increased significantly due to high fire suppression activity in 1985. Full-time staff performing these functions declined from 292 at year end 1984 to 281 at year end 1985.

* April 1st to March 31st.

PURCHASING COMMISSION

ACTIVITY	1984	1985	COMMENT
Procurement:	51,534	52,166	The number of full-time staff involved in procurement increased from 29 in fiscal 1984/85 to 43.5 in fiscal 1985/86*. This increase was due largely to the transfer of responsibility from the British Columbia Systems Corporation to the Purchasing Commission for the acquisition of computer systems equipment and associated services for the government. While the value of purchase orders increased in 1985, the number of purchase orders issued dropped significantly because purchases were consolidated wherever possible on single purchase orders or Master Standing Offers and the dollar limit on Local Minor Purchase Orders which are issued directly by ministries was increased from \$100 to \$500.
—Invitations to Quote on Pending Orders			
—Purchase Orders (Excluding direct purchasing by ministries, e.g., emergencies, local minor purchasing)	27,345	17,117	
—Value of Purchase Orders	\$262 million	\$283 million	
—Cost of Procurement Services as a Percentage of Goods Purchased	.33%	.41%	
Contracted Maintenance Services:			The estimated cost avoidance under Contracted Maintenance Services is the result of government maintenance contracts being consolidated onto Master Standing Offers through the negotiation of consolidated contracts for labour and parts.
—Number of Contracts Administered	480	590	
—Estimated cost Avoidance	\$375,000	\$301,402	
Materiel Administration:			This activity was performed by 3 full-time staff in fiscal 1984/85 and by 4.5 full-time staff in fiscal 1985/86*.
—Wholesale Warehousing:			
• Requisitions Filled	1,400	2,152	This activity was performed by 1.5 full-time staff in fiscal 1984/85 and 2.5 full-time staff in fiscal 1985/86*.
• Purchase Cost of Goods	\$1,676,600	\$2,227,047	
• Selling Price of Goods to Ministries and Public Bodies	\$1,978,388	\$2,516,563	
—Surplus Redistribution:			This activity was performed by 2 full-time staff in fiscal 1984/85 and 3 full-time staff in fiscal 1985/86*.
• Items Redistributed	2,000	4,000	
• Estimated Cost Avoidance	\$692,867	\$1,250,000	
—Crown Assets Disposal (Gross Sales)	\$4,250,000	\$3,199,716	This activity was performed by 26 full-time staff in fiscal 1984/85 and 24 full-time staff in fiscal 1985/86*.
—Technical Services			
• High Technology Business/Office Machines Rebuilt for Redistribution	367	374	Estimated cost avoidance based on: — savings due to discounted parts, — using stock available in warehouse, — redistributing surplus equipment, and — auditing third party maintenance contract work.
• Estimated Cost Avoidance	\$309,240	\$564,017	

* April 1st to March 31st.

STATUTES ADMINISTERED BY THE MINISTRY OF FINANCE

- *Assessment Act*
- *Assessment Authority Act*
- *Auditor General Act*
- *Bonding Act*
- *British Columbia Payment to Canada of Income Tax on behalf of Natural Gas Producers Act*
- *British Columbia Railway Finance Act*
- *Capital Commission Act*
- *Compensation Stabilization Act*
- *Corporation Capital Tax Act*
- *Critical Industries Act*
- *Deficit Repayment Act*
- *Educational Institution Capital Finance Act*
- *Esquimalt and Nanaimo Railway Belt Tax Act*
- *Equity Investment Plan Act*
- *Financial Administration Act*
- *Financial Disclosure Act*
- *Financial Information Act*
- *Horse Racing Tax Act*
- *Hospital District Finance Act*
- *Hotel Room Tax Act*
- *Housing and Employment Development Financing Act*
- *Income Tax Act*
- *Insurance Premium Tax Act*
- *Land Tax Deferment Act*
- *Law Stamp Act*
- *Logging Tax Act*
- *Mining Tax Act*
- *Motor Fuel Tax Act*
- *Pacific North Coast Native Cooperative Act*
- *Provincial Debt Refinancing Act*
- *Provincial Municipal Partnership (Taxation Measures) Act*
- *Public Service Bonding Act*
- *Purchasing Commission Act*
- *Rate Increase Restraint Act*
- *Resource Revenue Stabilization Fund Act*
- *School District Capital Finance Act*
- *Social Service Tax Act*
- *Special Appropriations Act*
- *Supply Act (Annual)*
- *Taxation (Rural Area) Act*
- *Tobacco Tax Act*
- *Unclaimed Money Act*

MINISTRY PUBLICATIONS

The Ministry of Finance, Information Services (387-1557), coordinates the production and distribution of most Ministry of Finance documents.

Annual Publications

- Estimates
- Financial and Economic Review
- Interim Financial Statement
- Provincial Budget
- Public Accounts, Volume I, II, III
- Quarterly Financial Reports
- Response to the Auditor General
- Supplement to the Estimates

Informational Brochures

- Capital Management Brochure
- Equity Investment Plan Brochure
- Financial Management Certificate Program
- Real Property Taxation in Rural Areas of B.C. (updated annually)
- Small Business Tax Credit Cuts Cost of Hiring
- Suggestion Awards Program
- We Want You On Our Shopping List

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